

Message Text

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ACTION EUR-25

INFO OCT-01 NEA-11 ISO-00 CIAE-00 PM-07 H-03 INR-10 L-03

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USIA-15 SAM-01 ACDA-19 MC-02 SAJ-01 EB-11 OMB-01

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TO SECSTATE WASHDC 8445

INFO AMEMBASSY ANKARA

AMEMBASSY ATHENS

AMEMBASSY BONN

AMEMBASSY BRUSSELS

USMISSION EC BRUSSELS

AMEMBASSY LISBON

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY OSLO

AMEMBASSY OTTAWA

AMEMBASSY PARIS

AMEMBASSY REYKJAVIK

AMEMBASSY ROME

AMEMBASSY THE HAGUE

USMISSION NATO

CINCUSAFE

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USNMR SHAPE

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DEPT OF COMMERCE

TREASURY DEPT

C O N F I D E N T I A L SECTION 1 OF 2 COPENHAGEN 0332

E.O. 11652 GDS.

TAGS: MASS, BEXP, MILI, NATO.

SUBJ: REPLACEMENT AIRCRAFT FOR F-104

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REF. USNATO 454, BONN 1774, STATE 23571

SUMMARY. ALTHOUGH DANES ARE NOT CURRENTLY IN POSITION TO PLAY SIGNIFICANT ROLE IN CHOICE OF NEXT GENERATION NATO TACTICAL FIGHTER, THEY ARE INTERESTED SPECTATORS BECAUSE OUTCOME OF COMPETITION MAY DETERMINE AIRCRAFT DANISH AIR FORCE EVENTUALLY BUYS. DENMARK IS NOT EXPECTED TO PROCURE NEW AIRCRAFT UNTIL 1978 AT EARLIEST, SO THAT FRENCH SUPER MIRAGE IS UNLIKELY TO CHALLENGE MODERN US CONTENDER. SWEDISH VIGGEN WILL, HOWEVER, BE SERIOUS COMPETITOR UNLESS MOST PROSPECTIVE NATO PURCHASERS BUY AMERICAN, THUS LOWERING UNIT COST TO LEVEL DANES ARE WILLING TO PAY. FROM THIS EMBASSY'S POINT OF VIEW, DEFERRAL OF F-104 REPLACEMENT SELECTION, AS ENVISAGED IN STATE 23571, WOULD CREATE NO PROBLEMS, BECAUSE DANES ARE NOT EXPECTED TO CONSIDER MATTER SERIOUSLY UNTIL 1976. END SUMMARY.

1. DENMARK IS FAR FROM DISINTERESTED SPECTATOR IN PRESENT COMPETITION BETWEEN FRENCH, US, AND SWEDISH CONTENDERS TO SUPPLY NATO EUROPE'S NEED FOR TACTICAL FIGHTERS IN THE 1980S. DANES ARE, HOWEVER, UNLIKELY TO PLAY INFLUENTIAL ROLE IN DETERMINING WHETHER US AIRCRAFT IS SELECTED OR WHETHER OBVIOUS ADVANGAGES OF COMPATIBILITY AND LOWER PRICES ARE LOST BY PROCUREMENT OF VARIETY OF COMPETING MODELS. DENMARK'S PLANNING CYCLE FOR DECISION ON PROCUREMENT OF NEW TACTICAL AIRCRAFT IS SEVERAL YEARS BEHIND THE PRINCIPAL CUSTOMER NATIONS, I.E., NETHERLANDS, BELGIUM AND NORWAY. ONE INDICATOR OF THIS TIME LAG IS FACT THAT DANISH AIR FORCE HAS NOT YET MODIFIED ALL OF THE 22 F-104S RECENTLY PURCHASED FROM CANADA AND THE 14 F-100S ON ORDER HAVE NOT EVEN BEEN DELIVERED. IT IS PRECISELY THESE AIRCRAFT WHICH NEW AIRCRAFT WOULD BE DESIGNED TO REPLACE. DANES CURRENTLY PLAN TO BEGIN STUDYING REPLACEMENT OPTIONS IN 1976, WITH PROCUREMENT CONTRACT TO BE NEGOTIATED, HOPEFULLY, IN 1978.

2. VIRTUALLY ONLY CHANCE FOR DENMARK TO ACQUIRE REALLY MODERN FIGHTER IS FOR IT TO LATCH ON TO LARGE PROCUREMENT ORDER FROM OTHER COUNTRIES, THUS REDUCING UNIT PRICE TO RANGE TOLERABLE TO DANISH PUBLIC AND PARLIAMENT. IF ONE

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OF OTHER NATO COUNTRIES BUYS AMERICAN AIRCRAFT, THEREFORE, CHANCES FOR EVENTUAL PROCUREMENT BY DENMARK WOULD BE SUBSTANTIALLY INCREASED, WITH PROSPECTS FOR DANISH SALE IMPROVED IN DIRECT PROPORTION TO NUMBER OF SAME AIRCRAFT SOLD ELSEWHERE. NORWEGIAN DECISION COULD BE PARTICULARLY IMPORTANT. THROUGH THE 1980S, DANES ARE EXPECTED TO REPLACE 50-60 F-100S AND SAME NUMBER OF F-104S, SO THAT TOTAL PURCHASE COULD REACH 100-120 AIRCRAFT.

3. BECAUSE DANES ARE NOT EXPECTED SERIOUSLY TO CONSIDER REPLACEMENT OF THEIR F-100S AND F-104S FOR SEVERAL YEARS, CHANCES OF THEIR BUYING FRENCH SUPER MIRAGE SEEM SLIM. EVERY YEAR THAT PASSES, MOREOVER, WILL MAKE IT CLEARER THAT THIS SOUPED-UP MIRAGE WILL BE OBSOLESCE BY TIME OF DELIVERY. SWEDEN'S SAAB VIGGEN COULD BE MUCH MORE SERIOUS CONTENDER, PARTICULARLY AS DANES ALREADY HAVE TWO SQUADRONS OF SWEDISH DRAGEN FIGHTERS, WITH WHICH THEY SEEM WELL SATISFIED. IF SWEDES CAN MATCH LARGE PRICE DIFFERENTIAL BETWEEN SAAB FIGHTER AND US CONTENDERS THEY SHOWED ON DRAGEN SALE, IT WILL BE VERY DIFFICULT FOR US MODEL TO COMPETE EFFECTIVELY, ALTHOUGH DANISH MILITARY ARE EXPECTED TO FAVOR A U.S. ENTRY FOR THE FOLLOWING REASONS:

(S) DANISH MILITARY REALIZE THAT LOGISTICS SUPPORT OF SWEDISH-BUILT AIRCRAFT DOES NOT COMPARE WITH THE LOGISTICS SUPPORT RECEIVED FROM THE USAF FOR US DESIGNED OR MANUFACTURED AIRCRAFT.

(B) DENMARK MUST CONTEND WITH THE FACT THAT LOGISTICS SUPPORT OF SWEDISH-BUILT AIRCRAFT MAY NOT BE FORTHCOMING IN A NATO OR OTHER CONFLICT IF SWEDEN OPTS TO MAINTAIN ITS NEUTRAL POSITION.

(C) DENMARK MUST ALSO WEIGH LESSON OF RECENT MID-EAST CONFLICT IN WHICH USG IMMEDIATELY REPLACED ISRAEL'S COMBAT LOSSES WITH US MANUFACTURED AIRCRAFT OF SAME TYPE.

4. PRICE WILL, OF COURSE, BE VERY IMPORTANT CONSIDERATION IN FINAL DECISION. EMBASSY BELIEVES IT HIGHLY UNLIKELY THAT DANES WILL INCREASE THEIR DEFENSE BUDGET SIGNIFICANTLY
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OVER CURRENTY LEVEL, ABOUT ONE-HALF BILLION DOLLARS ANNUALLY, IN ABSENCE OF MAJOR CHANGE IN WORLD SITUATION. CURRENT ESTIMATES OF PRICE FOR NEW AIRCRAFT REPORTEDLY RANGE FROM 3.5 TO 4.5 MILLION DOLLARS EACH, WHICH WOULD MEAN ALLOCATING EQUIVALENT OF ONE WHOLE YEAR'S MILITARY EXPENDITURES IN ORDER TO REPLACE F-100 AND F-104 MODELS.

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5. WHILE, AS AMBASSADOR HILLENBRAND HAS CORRECTLY POINTED OUT, THE FRG IS NOT WITHOUT INFLUENCE IN SCHANDINAVIAN CAPITALS, THIS EMBASSY BELIEVES THAT DISCREET GERMAN
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INFLUENCE WOULD IN THIS CASE NEED TO BE BUTTRESSED IN SOME TANGIBLE WAY IN ORDER TO BE EFFECTIVE. IF FRG SHOULD, FOR EXAMPLE, PURCHASE US-BUILT FIGHTERS, THIS

WOULD BE FAR MORE EFFECTIVE THAN ANY VERBAL SUASION ON THEIR PART. UNFORTUNATELY, WE UNDERSTAND THAT ANY SUCH PURCHASE CAN BE ENVISAGED ONLY AFTER MRCA PROGRAM HAS RUN ITS COURSE, WHICH IT IS UNLIKELY TO DO IN ADVANCE OF DANISH DECISION. AS FRENCH SUPER MIRAGE DOES NOT APPEAR AT THIS TIME TO BE SERIOUS CONTENDER FOR DANISH MARKET, FRG INTERCESSION WITH DANISH GOVERNMENT IS NOT RECOMMENDED NOW. LATER, WHEN DANES ARE ACTUALLY FACED WITH DECISION, FRG COULD WELL PLAY AN IMPORTANT ROLE IN ENCOURAGING DENMARK TO OPT FOR AMERICAN MODEL.

6. FRG INTERCESSION MIGHT BE CRITICAL IF FRENCH SUBSEQUENTLY FIND OR CONTRIVE A MORE ADVANCED VERSION OF PROJECTED SUPER MIRAGE, WHICH COULD APPEAL TO DANES IN EVENT THEY HAVE NOT ALREADY MADE UP THEIR MINDS ON ANOTHER MODEL. WE KNOW FROM SENIOR DANISH MILITARY SOURCES THAT THE FRENCH HAVE BEEN LEANING ON THEM HARD IN RECENT WEEKS TO BE "GOOD EUROPEAN" AND BUY MORE EUROPEAN-MADE (READ FRENCH) MILITARY HARDWARE. THIS PRESSURE CAN BE EXPECTED TO CONTINUE AND TO INTENSIFY, AT THE POLITICAL AS WELL AS AT THE MILITARY LEVEL. IN THIS COMPETITION WITH THE FRENCH WE DO HAVE A NUMBER OF THINGS GOING FOR US, ESPECIALLY THE PREFERENCE NOTED ABOVE OF THE DANISH MILITARY FOR US AIRCRAFT. REINFORCEMENT OF THIS PREFERENCE BY GERMAN REPRESENTATIVES COULD, HOWEVER, BE VERY HELPFUL, PARTICULARLY BECAUSE OF FRG'S KEY POSITION WITHIN EUROPEAN COMMUNITIES. ALSO OPERATING AGAINST THE "GOOD EUROPEAN" ARGUMENT OF THE FRENCH IS THE DANISH DETERMINATION TO CONTINUE TO GEAR THEIR DEFENSE TO THE NAOT CONCEPT AND THEIR TRADITIONAL AND GENUINE INTEREST IN THE TRANSATLANTIC TIE. THEY TAKE AN ACTIVE, ALTHOUGH NOT LEADING, PART IN THE EUROGROUP DISCUSSIONS. FOR REASONS HAVING TO DO WITH INTERNAL CONSIDERATIONS, THEY HAVE SHIED AWAY FROM ANY DISCUSSION OF MILITARY MATTERS IN THE EC CONTEXT. ONE UNKNOWN FACTOR, IN THIS CONNECTION, IS THE DISPOSITION OF THE NEW FOREIGN MINISTER, OVE GULDBERG. THERE ARE REPORTS THAT HE IS A FRANCOPHILE AND HAS BEEN A TOO-WILLING ECHO OF THE FRENCH IN HIS FIRST EC APPEARANCES.

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THE EVIDENCE IS NOT YET SUFFICIENT TO FORM A JUDGMENT ON THIS POINT, BUT IT IS SOMETHING WE WILL HAVE TO BEAR IN MIND IN ASSESSING DANISH SUSCEPTIBILITY TO FRENCH ARMS PROPOSALS.

7. ALTHOUGH DANISH GOVERNMENT IS SERIOUSLY CONSIDERING REQUIREMENTS LEVIED ON EUROPEAN NATO MEMBERS BY JACKSON-NUNN AMENDMENT, THEY ARE CONCENTRATING ON SHORT RANGE IMPACT OF THAT LEGISLATION. WE DOUBT THAT JACKSON-NUNN CAN BE EXPLOITED IN ORDER TO SPEED UP DANISH CONSIDER-

ATION OF FIGHTER AIRCRAFT PROCUREMENT QUESTION AS DANES
WILL NOT AT THIS TIME GIVE SERIOUS CONSIDERATION TO
RELEVANCE OF THAT LEGISLATION TO POSSIBLE MILITARY
OFFSET PROBLEM IN 1980 TIME FRAME.

8. IN CONCLUSION, WHILE OUR OPPORTUNITY FOR LIGHTWEIGHT
FIGHTER SALES IN DENMARK IS FARTHER DOWN THE ROAD THAN
IN CERTAIN OTHER COUNTRIES, IT IS IMPORTANT THAT THIS
MARKET BE KEPT IN MIND AND THAT WE CONTINUE TO ADOPT THE
CONFIDENT POSTURE OF THE SALESMAN WHO HAS THE BEST
PRODUCT TO OFFER WHENEVER THE CUSTOMER IS READY. DENMARK
SHOULD CONTINUE TO BE A REGULAR STOP FOR OUR AIRPLANE
SALESMAN. ALL OF US IN THE EMBASSY, SPEARHEADED BY THE
MAAG, WILL MAINTAIN OUR EFFORTS TO POINT OUT TO THE
DANISH POLITICAL AND MILITARY AUTHORITIES THE ADVANTAGES
AND DESIRABILITY OF CHOOSING THE SAME TYPE OF AMERICAN
LIGHTWEIGHT FIGHTER AS THEIR NATO PARTNERS.
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